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FM AMEMBASSY ISLAMABAD
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INFO RUEHBUL/AMEMBASSY KABUL PRIORITY 8016
RUEHLO/AMEMBASSY LONDON PRIORITY 7006
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 2604
RUEHRH/AMEMBASSY RIYADH PRIORITY 5744
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C O N F I D E N T I A L SECTION 01 OF 03 ISLAMABAD 000089

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E.O. 12958: DECL: 01/05/2017

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SUBJECT: POLITICAL FALLOUT FROM BHUTTO'S ASSASSINATION

REF: ISLAMABAD 5331 ISLAMABAD 5161

Classified By: Anne W. Patterson, for reasons 1.4 (b)(d)

¶1. (C) Summary. Ten days after Benazir Bhutto's assassination, Pakistan is slowly recovering, and the various political parties are gaming out the way forward. Before Bhutto's death, it was clear that no one party would win enough votes to form a government, and even a pro-Pakistan People's Party (PPP) surge on election day will not change this analysis. The long-term game continues to be one of alliance building for a post-election coalition.

¶2. (C) Benazir's widower, Asif Zardari, is working to keep the PPP together despite a leadership struggle and expects to reap a large sympathy vote in the February 18 elections. Musharraf's Pakistan Muslim League (PML) party is scrambling to cope with a significant voter backlash from the assassination, the GOP's clumsy handling of the investigation and public discontent over electrical power and flour shortages. Nawaz Sharif's Pakistan Muslim League-N (PML-N) party seems incapable of implementing a coherent political strategy. Fazlur Rehman's Jamiat Ulema-e-Islam (JUI-F) party is also struggling to stem voter discontent with its policies, and the Awami National Party (ANP) hopes to benefit from religious bloc losses. The PPP surge likely will undercut the Muttahida Quami Movement's (MQM) ambitions to broaden its base. End Summary.

¶3. (C) Voting in Pakistan is intensely personal, with parties gathering votes primarily through allegiance to an individual candidate who is either a feudal or has a proven ability to deliver services. The candidate pairings are already set, so an increase in the PPP's vote will depend primarily on increased turnout. This usually translates into more urban votes, but voter registration in 2007 was weak in urban areas, so the degree of a turnout bump is not yet clear. The other possibility will be for voters to switch parties, but this will be tempered by the personal candidate factor. Especially in Punjab, a number of candidates registered as independents, leaving their options open for post-election party switches to the winner.

PPP: Reaping Sympathy

¶4. (C) The PPP reacted surprisingly quickly (three days after Bhutto's assassination) to announce that Benazir's son Bilawal would succeed her as party Chairman, with his father,

Asif Zardari, taking over as Co-Chairman while Bilawal finishes his studies. Bilawal is now returning to Oxford. Zardari's decision to cede the party succession to his son was a shrewd move that reflects self-awareness of his considerable political negatives. At the same time, it allows Zardari to use the Bhutto name to expand his political and (if history is a guide) commercial ambitions.

15. (C) So far, Zardari has done a credible job in trying to calm provincial Sindh-Punjab rivalries, accept a delay in elections and discourage violent protests. A pragmatist and relative political novice, Zardari will be inclined to go for the simple sure bet over the protracted political gamesmanship that was Benazir's trademark. He already has proven willing to talk to GOP officials and quietly agreed to an election delay despite public statements to the contrary. Many speculate that he will willingly enter into a post-election coalition government with the PML.

16. (C) A PPP-PML coalition would be in keeping with Benazir's own plans. She tried repeatedly (with U.S. support) to ally with President Musharraf, and they reached an immunity agreement that allowed her to return from eight years of self-imposed exile. Bhutto's interlocutors had maintained a steady contact with NSA Tariq Aziz; the night before she died, she had a long meeting with ISI; and she clearly had kept her options open on a post-election power sharing arrangement.

17. (C) However, Zardari faces significant animosity within the PPP rank and file, and we are seeing growing signs of a leadership struggle within the party. Logistical electoral problems notwithstanding, the PML clearly supported a delay

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in the election date because it hoped these PPP fissures would destroy party unity before the February 18 elections. Even before Bhutto's death, there were increasing signs of internal PPP problems in Punjab (Reftels) that PML's Chaudhry clan is now trying to exploit.

18. (C) The PPP's candidate for Prime Minister, Amin Faheem, is Zardari's main rival. He was the PPP's in-country leader through eight years of Bhutto's self-imposed exile and has significant rank and file support. As she did with all potential rivals, Bhutto kept Faheem on a short leash that severely limited his independent decision making. He is considered moderate but weak and probably would be subject to Zardari's behind-the-scenes manipulation. Yousef Raza Gilani, Ahmad Mehmood Qureshi and Aitzaz Ahsan are party leaders but they are Punjabis who have little chance of leading this Sindh-based party. Ahsan remains under house arrest but his wife certainly appears to be re-engaging with party leadership on his behalf. With Bhutto gone, the chance of Ahsan trying to form a spin-off party after the elections will increase. Former Sindh Chief Minister Aftab Shaaban Mirani is another potential rival to Faheem.

PML: On the Defensive

19. (C) Bhutto's assassination has upset the PML's plans for a carefully staged victory to elect Pervaiz Elahi as the next Prime Minister. Before Bhutto's death, the PML was planning to return to power under an extension of the last government -- PML plus the Muttahida Quami Movement (MQM) of Altaf Hussain and the Jamiat Ulema-e-Islam of Fazlur Rehman. To succeed, this grouping would require PML to score very high at the polls.

110. (C) PML now faces increased losses both to PPP, which will reap the sympathy vote in urban Punjab and Sindh, and to Nawaz Sharif, who will capitalize on additional time to campaign and could weaken PML in rural Punjab. Already facing losses due to the assassination and the GOP's clumsy handling

of the investigation, the PML is also being blamed for power outages, rising food prices and the scarcity of flour.

¶11. (C) The PML is campaigning on Pervaiz Elahi's solid record of constituent service in the Punjab, and it enjoys all the institutional benefits of contesting as the incumbent government. Recognizing the PML will lose votes to PPP after Bhutto's death, Pervaiz Elahi and PML President Chaudhry Shujaat are already reaching out to Benazir's successors with whom the Chaudhrys do not have a family feud. Shujaat told the Ambassador December 30 that the PML was ready to work with the PPP (Reftels). NSA Tariq Aziz told the Ambassador January 2 that he hoped the two parties could work together.

¶12. (C) Opposition parties have predicted that, faced with an increased threat to its survival, the PML will increasingly use the intelligence services and other government-related tools to rig the elections. Certainly, there is now more incentive for the PML to demand ISI support to stop the hemorrhaging of party support.

PML-N: Struggling

¶13. (C) Nawaz Sharif continues to exhibit poor political judgment. His first reaction to the assassination was to vow to boycott the elections for the second time. He was forced to reverse track again when the PPP appealed for him to participate. His Pakistan Muslim League-N party continues to call for Musharraf's resignation or ouster, but Nawaz has yet to produce a strategy to achieve his goal. On January 4, Nawaz's media handlers intervened to end an interview with the local Business Recorder when Nawaz lost his temper and began using reportedly obscene language while attacking Musharraf. Nawaz's strongest asset is the anti-Musharraf card, but he is not playing it well. Any votes he picks up will be due more to animosity against the PML rather than support for Nawaz.

¶14. (C) Before her death, Bhutto increasingly was consulting with Nawaz (reportedly just before the attack she

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had asked her aide to call Nawaz to discuss elections rigging problems) but this was a tactical, pre-election cooperation aimed at reducing PML votes in the Punjab. The PML-N, with its ties to religious parties, is not a natural PPP ally.

JUI-F: Losing Support

¶15. (C) Before Bhutto's death, JUI-F leader Fazlur Rehman was looking forward to a lucrative role as kingmaker for the PML. Now, he is faced with increased criticism of being too close to the pro-U.S. Musharraf. His role in the religious coalition that ruled the Northwest Frontier Province (NWFP) is also under increased voter scrutiny as he delivered neither Sharia law nor government services. There is a growing local perception that JUI-F's only means of holding on to a substantial number of seats in the NWFP will be via vote rigging in payment for support to Musharraf.

ANP: Gaining

¶16. (C) Before Bhutto's death, the Awami National Party (ANP), the largest of the parties that represent Pashtun tribal ambitions, was slated to benefit from the religious bloc's poor performance in the NWFP. The PPP has never been particularly strong in the NWFP, and Bhutto's rural base was always weak. Therefore, although the PPP will likely increase its vote count in the NWFP, the assassination will not make a significant dent in ANP's expected gains.

MQM: Setback for Expansion

¶17. (C) The Muttahida Quami Movement (MQM) that controls Karachi is placed to support either a PML or a PPP victory. MQM went out of its way to welcome Bhutto home from exile, and it offered sincere and significant condolences over her assassination. But MQM, as part of the governing coalition, now could face voter backlash over the government's inability to control the post-assassination violence in Sindh that left over 40 dead and billions of rupees in damage. Still, as MQM leader Farouk Sattar emphasized to us, he hoped we had noted that MQM was "very restrained" in the recent Karachi violence. Sattar used this as evidence the party is cleaning up its act (note: MQM has a well-earned reputation as a group of secular thugs).

¶18. (C) Before Bhutto's death, the MQM had fielded candidates across Sindh and Punjab in an attempt to expand its currently limited geographical base. Now, those candidates in rural and upper Sindh and Punjab likely will lose to the PPP, and MQM could lose a few seats in Karachi as well. This will limit the party's ability to contribute to the PML's planned coalition. We are hearing increasing reports that MQM may be willing to abandon PML and work with the PPP in a future coalition government.

¶19. (C) Comment: There are still six weeks of campaigning ahead, a long time in Pakistani politics. While the PPP will probably hold together until elections, there will be more reports of party infighting. Given the PML's increased vulnerability, we expect to see more allegations of vote rigging. We are entering the Muslim month of Muharram, when sectarian violence historically increases, and the government will likely continue to enforce restrictions on large rallies. Both Nawaz Sharif and Fazlur Rehman are increasing their own security in the face of new threats. Elections are the only way forward for Pakistan, but political uncertainty will remain high in the coming weeks.

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